



Commodity Futures Trading Commission

Office of Public Affairs

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Examples of Misconduct From Written and Oral Communications by Citibank, N.A. (Citi) and Its Affiliates, Citibank Japan Ltd. (CJL) and Citigroup Global Markets Japan Inc. (CGMJ)

Examples of Attempts to Manipulate Yen LIBOR Through Brokers and Other Panel Banks by CGMJ

February 16, 2010: (emphasis added)

Senior Yen Trader: But **I could do the high 6 month LIBOR...like...right now I don't have any fixes or anything, but just generally my position.**

Broker 1: **High, yeah [. . .] Alright, okay.** Well, Broker 2 seems to think there's bugger all he can do, uh, is fix things at the moment. He says it doesn't seem to matter where he puts it. It just...RBS moves it up or down 2 points when he's got a fix in. That's the only thing that seems to move it [. . .] your boys are sort of middle of the range [. . .] so maybe you ought to-

Senior Yen Trader: Yeah, yeah...I have spoken to them. I mean I'm...how much influence am I going to have in inverted commas? [. . .]

Broker 1: [. . .] I'll try to have a chat with, uh, Broker 2, but I've uh I've had this conversation with him recently, he reckons "if you want them down I can't move them. If you want them up, I can't move them. Gonna ask RBS what he's sitting today since he is the only one who seems to want to fuck around with it." [. . .] **I will try and...have a go for you mate.**

(See Order, pp. 8-9)

June 18, 2010:

Senior Yen Trader: You need to next week, start talking to people about the turn, about the 6 month turn

Broker 1: I've got an alarm set in my iPhone to remind me to start doing it next week.

(See Order, p. 9)

March 19, 2010: (emphasis added)

Senior Yen Trader: **i think after june I will push for higher libors and lower tibors after june imm we are joining fixing panel in tabor and will keep it high [. . .]**

Deutsche Yen Trader: **after june coolio**

Senior Yen Trader: after june higher lib is ok for you? [. . .] I selling june ey will keep tabor high at least till june for year end I will need low tabor and high libor

(See Order, p. 9)

March 26, 2010:

Senior Yen Trader: you got much in 3m libor in dec ?
Deutsche Yen Trader: nothing
Senior Yen Trader: ok I really gonna need 3m lib up a bit in dec have massive imm fix vs [another bank]
Deutsche Yen Trader: hum np [. . .] we have time by then
Senior Yen Trader: anything i can help with let me know

(See Order, pp. 9-10)

May 19, 2010: (emphasis added)

Senior Yen Trader: if you need mar low i won't bid it i have nothing in it
UBS Yen Trader: i wont it at a constant spread to dec as i told you before. absolute levels i dont mind
Senior Yen Trader: oh ok **i just need dec low**
UBS Yen Trader: **i know, and that's ok**

(See Order, p. 10)

Examples of The Senior Yen Manager's Efforts to Manipulate CJL's Euroyen TIBOR Submissions for the Benefit of the Senior Yen Trader

May 17, 2010: (emphasis added)

Senior Yen Manager: I think 3 month TIBOR comes down after the June [IMM date] [. . .] we sorta positioned accordingly, meaning we think it's coming down too, our only issue is that **we don't want to come down within the next 4 weeks** [. . .] **We want it to be very sticky for four weeks** [. . .] **our fear is like when you move it down, right, then you get another round of people who just pile on and they all start moving shit down as well.**

Euroyen TIBOR Manager: **I know everyone starts moving down, yeah.**
Senior Yen Manager: So that's the only fear we have which is why for chance **we want to keep it as high as possible for the next 3½ weeks.**

(See Order, p. 11)

June 15, 2010: (emphasis added)

Euroyen TIBOR Submitter 1: [W]e had a discussion internally so our guys go to see BOJ this month to update them on the market. We, we think maybe today if we go by two just right after the fixing, it will be a little bit too optical. So how about we— [. . .]

Senior Yen Manager: [. . .] it's whatever you want to do, I mean obviously two is preferred for us, but if you do one then one, I mean it's fine, it doesn't matter. Um, I think [Euroyen panel bank 1] and ...will move it down eventually, [Euroyen panel bank 2] will move it down, everybody's waiting for everybody else, right? **So as soon as we move it two, other people start moving it** [. . .] what was the conversation you guys had? What are you worried about?

Euroyen TIBOR Submitter 1: So what we are thinking... **the other guys, you know we, you know, go too fast, you think they may get suspicious you know, think we have some big positions**

Senior Yen Manager: I think everybody thinks that anyway [. . .] So you're going to do minus one, and is that 6s and 3s? [. . .]

Euroyen TIBOR Submitter 1: [. . .] Yes, yes. Based on our consensus.

(See Order, p. 12)

June 17, 2010: (emphasis added)

Euroyen TIBOR Submitter 2: Hi. Um, just a heads up, um, we are not changing 3 months today [. . .] we think that uh, only [Euroyen panel bank 3] has followed us yesterday, and we wanna see a bid [. . .] How, how other banks are reacting, like, you know, we were talking the other day that **there might be a snowball effect if one starts to move down**. But so far we have only seen [Euroyen panel bank 3] putting down the rates for 3 month.

Senior Yen Manager: Well, but remember it's because everyone's below us.

Euroyen TIBOR Submitter 2: Um, not for the mega banks yet.

Senior Yen Manager: No, but the mega banks, they are not gonna move it until the average moves, right? So the Western banks will all move together and then once the average moves a point, then the mega banks will move [. . .] **we're the highest foreign bank. So, that's the point, right? The point is the foreign banks will all move in concert with each other and we're the highest one** [. . .]

Euroyen TIBOR Submitter 2: [. . .] currently [Euroyen panel bank 4]'s rate is correct, and because your positioning, is um, the lower the rate is better, you are saying that, I think. **But just please remember like two months ago, you wanted the higher rate** [. . .] if we had quoted from the first of April, like [Euroyen panel bank 4], it would be much easier. **But you know, at the time, you guys had a position which rate is, higher rate is better, so you know we just quoted TIBOR flat.**

(See Order, p. 12)

Examples that During the Financial Crisis, Citi Made, at Times, U.S. Dollar LIBOR Submissions to Avoid Negative Publicity and to Protect Citi's Reputation

- "Citi submitters were cognizant of the 'potential for negative publicity' Citi's higher LIBOR submissions could generate:

I note that **our 1-6mths LIBORs were the highest out of all contributors. Given the potential negative publicity that this could have I would go lower (and certainly try to avoid being the highest).** [. . .] Not a big issue so I am trying to not blow it out of proportion. I know it's difficult but **just try to avoid being highest, no need to be lowest, etc.** (emphasis added)"

(See Order, pp. 15-16)

- "In response to the WSJ article, Citi, like some other panel banks, adjusted its U.S. Dollar LIBOR submissions upwards, raising them from among the lowest to the middle of the panel banks' submissions. One Citi U.S. Dollar LIBOR submitter commented:

"WSJ article on LIBOR getting a lot of attention. So under pressure to be in middle of pack so will be moving up a couple today."

(See Order, p. 16)

- "in May 2008, a Citi submitter commented:

You know effectively, what...you know, we try to do is be the bottom-end of the quartile because, effectively, we're outside of that, we're gonna have to prove that we've actually received, in our time, cash. And we, we can't do that for the moment [. .] I've gotta try an justify why, why I've set my LIBORs where I have. And domestically, I've got nothing on paper to show them at all. So we are, we are caught between a rock and a hard place [. .] When I was, when I was too high on the quarter end, when basically, there was no cash and when you were desperate – we weren't getting any of our affairs done. And we would have to be realistic about it and **we were a little bit too aggressive and we were 2 basis points above the [LIBOR fixing] average, but still within the range. And then, you know, we got calls from [U.S. Dollar Submitter 2] in New York saying, "Yeah, why are you posting high LIBORs?" So you know, the internal and external push and pull was working both ways. (emphasis added)"**

(See Order, p. 16)

October 15, 2008:

U.S. Dollar Submitter 1: I am a LIBOR contributor and so we put in our LIBOR rates for dollars. We submit those to the BBA [. .]We are under some constraints because we, we, are – you know, off the record, we are not allowed to be the highest setter [. .]

(See Order, p. 18)